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# AUNOR GOLD MINES LIMITED

## 1967 ANNUAL REPORT



A MEMBER OF THE NORANDA GROUP OF COMPANIES



# AUNOR GOLD MINES LIMITED

HEAD OFFICE: SUITE 1700 — 44 KING STREET WEST, TORONTO 1

## DIRECTORS

## **OFFICERS**

R. V. Porritt - - - - - - - - - - - President  
W. S. Row - - - - - - - - - - - Vice-President  
R. C. Ashenhurst - - - - - - - - - - - Secretary  
E. K. Cork - - - - - - - - - - - Treasurer

## GENERAL MANAGER

D. E. G. Schmitt

**TRANSFER AGENT AND REGISTRAR**

Canada Permanent Trust Company  
Toronto

## ANNUAL MEETING

April 4, 1968 — 11:00 a.m. (Toronto Time)  
King Edward Sheraton Hotel

## DIRECTORS' REPORT TO THE SHAREHOLDERS

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Four dividends of 5¢ per share were paid during 1967 and a further 5¢ dividend has been declared payable March 1, 1968.

Higher grade ore from new stopes below the 2,900 level raised the overall grade of ore mined and, despite a lower tonnage, the gold recovery for the year was slightly higher than in 1966. However, this gain was not enough to offset an increase in operating costs due to higher wages and welfare costs and to an increased assessment by the Workmen's Compensation Board.

The extension of The Emergency Gold Mining Assistance Act until December 31, 1970 removes, for the time being, a critical uncertainty from the difficulties facing Canadian gold mines.

It will be noted in the Manager's Report that both tonnage and grade of ore reserves were slightly higher than at the previous year end.

As indicated in the financial statements, net profit for the year does not include \$567,300 arising from an investment transaction. This extraordinary profit realized on the sale of a holding of Texas Gulf Sulphur shares has been added to retained earnings.

Your Directors wish to record their appreciation of the services rendered during the year by the Manager, his staff and all employees.

On behalf of the Board,

Toronto, Ontario,  
February 6, 1968.

R. V. PORRITT,  
President.

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EARNINGS PER SHARE	1967	1966
Operating Loss	(28.6¢)	(15.3¢)
E.G.M.A. Credit	38.5	31.7
Investment Income	9.9	16.4
	11.1	10.0
Income and Production Taxes	21.0	26.4
	2.0	5.4
Profit on Sale of Investments	19.0	21.0
	.8	.7
	<u>19.8¢</u>	<u>21.7¢</u>

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## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967  
 (with comparative figures for the year 1966)

	1967	1966
<b>REVENUE</b>		
Metal production .....	<b>\$3,053,721</b>	\$3,004,523
Income from investments:		
Dividends and bond interest — associated and affiliated companies .....	35,947	41,927
Other dividends and interest earned .....	186,307	158,403
Profit on sale of investments .....	16,750	13,967
	<b>3,292,725</b>	3,218,820
<b>EXPENSE</b>		
Cost of metal production including mining, milling, delivery and mint charges .....	3,397,244	3,086,911
Administrative and general expenses .....	51,179	54,056
Amount written off deferred mine development expenses .....	81,925	86,549
Depreciation .....	95,430	82,882
	<b>3,625,778</b>	3,310,398
Less recoverable under The Emergency Gold Mining Assistance Act .....	770,216	634,048
	<b>2,855,562</b>	2,676,350
	<b>437,163</b>	542,470
Provided for income and production taxes .....	<b>41,361</b>	108,889
<b>NET PROFIT ON OPERATIONS FOR THE YEAR</b> .....	<b>395,802</b>	433,581
Extraordinary profit on sale of investment .....	567,288	—
	<b>963,090</b>	433,581
<b>RETAINED EARNINGS</b>		
Balance, beginning of year .....	4,070,112	4,036,531
	<b>5,033,202</b>	4,470,112
Less dividends .....	400,000	400,000
Balance, end of year .....	<b>\$4,633,202</b>	\$4,070,112

### Note to Financial Statements

During the year the company changed its accounting policy regarding development expenses. Current development expenses have been charged to operations whereas prior years' development expenses were deferred and amortized. This change resulted in an additional charge to operations of approximately \$42,000.

**AUNOR GOLD**

(Incorporated under t

**BALANCE SHEET**

(With comparative figures)

**ASSETS**

	<b>1967</b>	<b>1966</b>
<b>CURRENT ASSETS</b>		
Cash including short term deposits	\$3,676,164	\$1,700,378
Bullion	547,861	289,161
Accounts and interest receivable	48,376	39,741
Marketable investments at cost (quoted market value \$293,000)	299,300	1,939,442
Receivable under The Emergency Gold Mining Assistance Act — estimated	330,500	206,200
	<u>4,902,201</u>	<u>4,174,922</u>
<b>INVESTMENTS AT COST</b>		
Shares and bonds — associated and affiliated companies (quoted market value \$1,039,850)	<u>343,932</u>	<u>443,932</u>
<b>DEFERRED AND PREPAID ITEMS</b>		
Stores at cost	296,542	309,941
Miscellaneous	23,987	24,486
	<u>320,529</u>	<u>334,427</u>
<b>FIXED ASSETS</b>		
Mining claims		
Claims purchased	1,063,349	1,063,349
Claims held under lease	106,000	106,000
	<u>1,169,349</u>	<u>1,169,349</u>
Buildings, plant and equipment at cost	2,282,421	2,165,364
Accumulated depreciation	1,971,795	1,882,697
	<u>310,626</u>	<u>282,667</u>
<b>DEFERRED EXPENDITURE</b>		
Mine development expenses, less amounts written off	<u>170,247</u>	<u>252,172</u>
	<u>\$7,216,884</u>	<u>\$6,657,469</u>

**AUDITORS' REPORT**

We have examined the balance sheet of Aunor Gold Mines Limited as at December 31, 1967 and the statements of operations and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Ontario,  
February 6, 1968.

# INES LIMITED

(Ontario Corporations Act)

**DECEMBER 31, 1967**

(December 31, 1966).

## LIABILITIES

	<b>1967</b>	<b>1966</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 336,182	\$ 314,137
Taxes payable	90,500	100,620
	426,682	414,757
<b>DEFERRED</b>		
Accumulated tax reduction for appropriation in future years	157,000	172,600
<b>CAPITAL AND RETAINED EARNINGS</b>		
Capital stock		
Authorized, issued and fully paid		
2,000,000 shares of \$1 par value	2,000,000	2,000,000
Retained earnings	4,633,202	4,070,112
	\$7,216,884	\$6,657,469

On behalf of the Board:

R. V. PORRITT, Director

W. S. ROW, Director

## E SHAREHOLDERS

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change indicated in the accompanying note with respect to development expenses.

TOUCHE, ROSS, BAILEY & SMART,  
Chartered Accountants.

# STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
WORKING CAPITAL, beginning of year	<u>\$3,760,200</u>	<u>\$3,643,000</u>
<b>SOURCE OF FUNDS:</b>		
Operations —		
Net profit for the year	395,800	433,600
Amounts charged against income but not requiring outlay of funds —		
Depreciation	95,400	82,900
Deferred development write-off	81,900	86,500
	<u>573,100</u>	<u>603,000</u>
Extraordinary profit on sale of investments	567,300	—
Investments (net)	100,000	64,400
Miscellaneous deferred items	<u>13,900</u>	—
	<u>1,254,300</u>	<u>667,400</u>
<b>APPLICATION OF FUNDS:</b>		
Dividends	400,000	400,000
Fixed asset and deferred development expenditures	123,400	112,700
Deferred taxes	15,600	28,500
Miscellaneous deferred items	—	9,000
	<u>539,000</u>	<u>550,200</u>
NET INCREASE	<u>715,300</u>	<u>117,200</u>
WORKING CAPITAL, end of year	<u><u>\$4,475,500</u></u>	<u><u>\$3,760,200</u></u>

# MANAGER'S REPORT

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The President and Directors:

This report summarizes operations for the year 1967.

## MINE

### Production

Ore broken in stopes amounted to 193,900 tons and ore drawn off was 196,400 tons. Broken ore remaining in stopes was 3,100 tons at the year end.

Stope preparation work produced an additional 43,200 tons.

The underground storage and related facilities for backfilling with classified mill tailings were completed in June and operated satisfactorily. Fill placed in stopes amounted to 52,100 tons of sand, 39,300 tons of tailings and 5,000 tons of waste rock. All stopes below the 2900 level are backfilled with classified tailings and the proportion of this material increased as more ore was produced from 3300 and 3500 level stopes during the last six months.

### Development

To provide new stopes below the 2900 level to replace those worked out above, a heavy program of preparation work was necessary. Diamond drilling between the 3000 sublevel and the 3800 level was continuous throughout the year to define ore zones for stope layouts.

Development in feet is summarized as follows:

	Above 2900 Level	Below 2900 Level	1967 Total	1966 Total
Drifts and Crosscuts .....	176	1,171	1,347	139
Raises .....	12	172	184	62
Stope Preparation .....	1,005	6,994	7,999	6,270
Diamond Drilling .....	—	39,094	39,094	20,133

### Ore Reserves

At January 1, 1968 ore reserves were estimated at 819,000 tons averaging 0.33 ounces of gold per ton compared to 812,000 tons and 0.32 ounces at the beginning of 1967.

The above estimates do not include allowance for dilution.

## MILL

The following tabulation provides production and performance figures for the year as compared with 1966 and the period since production commenced in January, 1940.

	1967	1966	Total To date
Tons milled	241,340	254,300	5,617,116
Tons milled per calendar day	661	697	550
Average gold content — oz. per ton	0.347	0.32	0.346
Average tailings loss — oz. per ton	0.013	0.014	0.012
Total recovery — %	96.3	95.7	96.5
Gold production — ounces	80,670	79,440	1,878,413
Value of total production	\$3,053,700	\$3,004,500	\$68,214,500
Recovery per ton	\$12.65	\$11.81	\$12.14

## GENERAL

The decrease in tonnage milled was primarily due to high labour turnover, inexperienced replacements and difficulty in recruiting miners and tradesmen. The urgency to complete the backfill system and make new stopes available took some men from their regular work on ore production. The average number of men on the payroll during the year was 402 compared to 403 in 1966.

I wish to express my appreciation to P. Golledge, Mine Superintendent, W. A. Harris, Mill Superintendent, G. H. Marshall, Plant Superintendent, W. G. Howie, Chief Accountant and their staffs for their loyal services throughout the past year.

Respectfully submitted,

J. G. SPARROW,  
Manager.

Timmins, Ontario,  
January 11, 1968.



